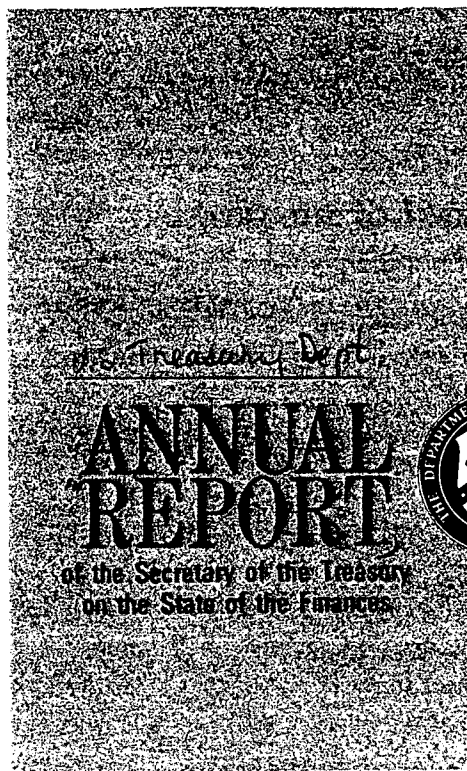


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**FOR THE FISCAL YEAR ENDED JUNE 30, 1976
AND TRANSITION QUARTER**

Treas Lib

DEPARTMENT OF THE TREASURY

DOCUMENT NO. 3270

Secretary



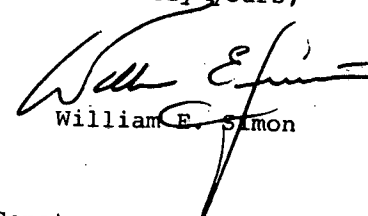
THE SECRETARY OF THE TREASURY
WASHINGTON

January 6, 1977

Dear Sirs:

I have the honor to transmit to you a report on the state of the finances of the United States Government for the combined fiscal year ended June 30, 1976, and transition quarter ended September 30, 1976. This submission is in accordance with 31 U.S.C. 1027.

Sincerely yours,



William E. Simon

President of the Senate

Speaker of the House of Representatives

feeding students within the educational complex, the overall impact of the training was enhanced and savings of approximately \$5 million were realized as compared with payment of full per diem.

FISCAL SERVICE

Bureau of Government Financial Operations

The functions of the Bureau are Government-wide in scope. It disburses by check, cash, or other means of payment for most Government agencies; settles claims involving loss or forgery of Treasury checks; manages the Government's central accounting and financial reporting system by drawing appropriation warrants, by maintaining a system of accounts for integrating Treasury cash and funding operations with the financial operations of disbursing and collecting officers and of Government program agencies including subsystems for the reconciliation of check and deposit transactions, and by compiling and publishing reports of budget results and other Government financial operations; provides banking and related cash services involved in the management of the Government's cash resources; under specified provisions of law is responsible for investing various Government trust funds; administers certain U.S. currency matters such as directing the various aspects of the issue, redemption, and custody of U.S. currency, and overseeing the destruction of currency unfit for circulation; provides central direction for various financial programs and practices of Government agencies; and directs a variety of other fiscal activities.

Disbursements and check claims

Disbursing operations.—A total of 665.9 million checks, savings bonds, and electronic funds transfer (EFT) payments were produced by the Division of Disbursement's 11 disbursing offices for more than 1,700 Government administrative offices from July 1, 1975, through June 30, 1976. Close to 98 percent of these payments were computer produced. The payments were produced at an average unit cost of \$0.0428. In addition, more than 121 million computer-generated Federal tax deposit (FTD) forms were produced and mailed. In the transition quarter, 150.3 million checks, savings bonds, and EFT payments were produced; more than 27 million FTD forms were produced and mailed.

Significant achievements in fiscal 1976 and the transition quarter are as follows:

1. Treasury's EFT recurring payment system, a major element of the direct deposit system, was implemented. This system provides capability for the rapid computer-assisted transfer of funds between the Department of the Treasury, Federal Reserve banks, and member banks. Four Federal Reserve offices implemented EFT processing under a pilot program. Over 2.1 million EFT payments were processed (for issuance through the payment date of July 3, 1976) on behalf of recipients of social security, supplemental security income, and disability insurance benefits. During

the transition quarter, over 5.9 million EFT payments were processed (for issuance through the payment date of October 3, 1976) through 21 of 31 Federal Reserve offices designated as processing offices and representing 11 of the 12 districts. By the end of calendar year 1976, the remaining district, New York, will have been included in the system. Conversion of the civil service annuity file for EFT processing became effective with the July 1, 1976, payment date. Over 75,000 civil service EFT payments were processed for issuance through the payment date of October 1. Direct deposit of funds in financial organizations for revenue sharing payments was introduced during July 1976 with 635 direct deposit payments dated July 6. There were 18,317 direct deposit payments dated October 4. Of these, 13,008 were EFT payments, the first under revenue sharing.

During September 1976 certain deposits and nonbenefit payments such as grants, investments, replacement of lost composite checks, and unemployment compensation payments to States were included in the EFT system. Related terminal equipment was installed in headquarters and the Washington Disbursing Center to transmit commencing September 17 the financial data using the Federal Reserve communications system.

2. Of 37 agencies working toward automating their accounts payable by submitting magnetic tapes to disbursing offices for the issuance of vendor and miscellaneous payments, 9 automated in fiscal 1976, 2 during the transition quarter. Under the automated system, computer-generated cards which accompany many of the checks to be mailed to the addressee provide the check recipient with a permanent record of the purpose or object of the payment. Many objects can be included on one card, allowing a single payment for all. Use of the card eliminates the time-consuming manual processing of large quantities and various sizes of paper notices by the agencies and the disbursing offices, and reduces the number of inquiries concerning the purpose of payments.

3. Eleven additional production model check-wrapping systems were installed and became operational. The system manufactures an envelope from a roll of paper while simultaneously inserting a check and as many as three separate inserts. The envelope costs for mailing checks are consequently reduced. Approximately 324 million checks were wrapped in fiscal 1976, resulting in a savings of approximately \$500,000.

4. During the latter part of January 1976, a new system was implemented for receipt of certain social security nonreceipt claims on tape and submission of stop payment data to the Division of Data Processing on magnetic tape. This new system reduced most of the clerical keypunching and typing functions required under the previous system of receiving paper claims and submitting paper stop payment requests and related punched cards to the Division of Check Claims. In addition, a magnetic tape is sent to the Washington Disbursing Center for issuance of substitute checks in lieu of paper documents previously furnished. The new system reduces clerical errors, speeds up the processing of nonreceipt claims and the issuance of substitute checks, and reduces the amount of paper used. Once the system is fully operational and the Social Security Administration is able to submit all claims on magnetic tape, it is estimated that 12 man-years and an annual savings of approximately \$150,000 will be realized.

The following table is a comparison of the workload for fiscal years 1975 and 1976 and the transition quarter:

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